

Message Text

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PAGE 01 STATE 113298
ORIGIN EB-07

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COMMERCE - F ABBUHL
TREASURY - J RAY
LABOR - B WHITE
STR - G FEKETKUTY
EB/ITP - W BARRACLOUGH
EUR/RPR-ECASEY
-----180414Z 054845 /23
P 172332Z MAY 77
FM SECSTATE WASHDC
TO AMEMBASSY BONN PRIORITY
USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: ETRD, OECD

SUBJECT: TRADE PLEDGE

REF: OECD PARIS 13955 (NOTAL)

1. FOLLOWING IS TEXT OF A LETTER FROM CO-CHAIRMAN OF US
DELEGATION TO MAY 23-24 OECD TRADE COMMITTEE TO TRADE
COMMITTEE CHAIRMAN STEEG:

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2. DEAR DR. STEEG:

THANK YOU FOR YOUR LETTER TO MEMBERS OF THE TRADE COMMITTEE
ON THE FUTURE OF THE OECD TRADE PLEDGE. WE VERY MUCH
APPRECIATE THE TIME AND EFFORT YOU HAVE TAKEN TO PREPARE
A DRAFT REPORT BY THE TRADE COMMITTEE TO THE COUNCIL.
IN OUR VIEW, YOUR DRAFT REPORT SUCCEEDS ADMIRABLY IN

ADDRESSING THE CONCERNS WHICH THE US HAS HAD ABOUT THE PROBLEM OF THE PLEDGE'S CONTINUED CREDIBILITY AND EFFECTIVENESS, IN PARTICULAR THE QUESTIONS OF THE RELEVANCE OF THE PLEDGE LANGUAGE TO THE PRESENT ECONOMIC SITUATION AND THE NEED TO STRENGTHEN MULTILATERAL CONSIDERATION OF ADJUSTMENTS TO PARTICULAR SECTORAL PROBLEMS.

IN OUR VIEW, SUCH A REPORT FROM THE TRADE COMMITTEE SHOULD BE ENDORSED BY THE COUNCIL AT THE MINISTERIAL LEVEL, GIVING IT THE CHARACTER OF AN AGREED COMMENTARY BY OECD MEMBER GOVERNMENTS ON THE TRADE PLEDGE. WE WILL SUPPORT YOUR EFFORTS TO REACH AGREEMENT AT THE UPCOMING MEETING OF THE TRADE COMMITTEE ON A DRAFT REPORT ALONG THE LINES OF YOUR PROPOSAL. TO THIS END, WE ASK YOU TO CONSIDER THE FOLLOWING SUGGESTIONS.

WE PROPOSE THE FOLLOWING SUBSTITUTE TO THE NEXT TO LAST SENTENCE OF THE SECOND PARAGRAPH OF YOUR DRAFT REPORT: IT AGREED THAT THE INCREASING INTERRELATIONSHIP OF THE OECD ECONOMIES NECESSITATES A POLITICAL COMMITMENT TO AVOID RESTRICTIVE CURRENT ACCOUNT MEASURES.

WE AGREE COMPLETELY WITH THE THOUGHT IN THE LAST SENTENCE OF THE THIRD PARAGRAPH THAT ADHERENCE TO THE PLEDGE SHOULD NOT BE CONDITIONED ON SOLUTIONS TO RELATED ECONOMIC PROBLEMS. WE ARE NOT SURE THAT THE PHRASE "CONDITIONAL LIBERALISM" EXPRESSES THIS THOUGHT.

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WE ARE PLEASED WITH THE EMPHASIS ON STRENGTHENED CONSULTATION PROCEDURES IN YOUR DRAFT REPORT, SPECIFICALLY IN PARAGRAPHS 5, 6 AND 7. WE BELIEVE, HOWEVER, THAT THE REPORT SHOULD CONTAIN A BRIEF PARAGRAPH SETTING OUT THE SUPPORTIVE ROLE THE TRADE COMMITTEE CAN PROVIDE, THROUGH ITS WORK PROGRAM, OVER AND ABOVE STRENGTHENED CONSULTATIONS PROCEDURES. WE SUGGEST THE INCLUSION OF A PARAGRAPH ALONG THE FOLLOWING LINES: "THE TRADE COMMITTEE AGREED THAT, IN ITS WORK PROGRAM, IT WILL SEEK TO IDENTIFY POTENTIAL TRADE PROBLEMS BEFORE THEY ASSUME CRITICAL PROPORTIONS. IN THIS CONNECTION, IT WILL ATTEMPT TO DISTINGUISH BETWEEN PROBLEMS OF A CYCLICAL NATURE AND THOSE WHICH ARE MORE A RESULT OF STRUCTURAL CHANGES IN THE WORLD ECONOMY."

WE AGREE WITH YOUR PROPOSAL TO EXTEND THE VALIDITY OF THE DECLARATION FOR A PERIOD OF MORE THAN A YEAR. THIS SEEMS ENTIRELY APPROPRIATE IF THE DECLARATION

IS VIEWED IN THE CONTEXT OF THE MEDIUM-TERM
ECONOMIC STRATEGY.

WE LOOK FORWARD TO A PRODUCTIVE SESSION OF THE TRADE
COMMITTEE NEXT WEEK UNDER YOUR CAPABLE LEADERSHIP.

SINCERELY,

WILLIAM G. BARRACLOUGH
DEPUTY ASSISTANT SECRETARY FOR
INTERNATIONAL TRADE POLICY

GEZA FEKETEKUTY
ASSISTANT SPECIAL REPRESENTATIVE
FOR TRADE NEGOTIATIONS

3. FOR BONN - PLEASE DELIVER ASAP TO DR STEEG
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WHO REQUESTED RESPONSE BY MAY 18.

4. FOR OECD PARIS:PLEASE DELIVER TO TRADE DIRECTOR
POINCILIT. CHRISTOPHER

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NNN

Message Attributes

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